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# STATE OF ARIZONA

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# DEPARTMENT OF INSURANCE

In the Matter of	)	Docket No. 06A-182-INS
INTERNATIONAL FINANCIAL SERVICES LIFE INSURANCE COMPANY		
(NAIC No. 64084)	) )	ORDER RELEASING SECURITY DEPOSIT
Petitioner.	) )	

A.R.S. §20-588(A)(3) provides that upon proper order of a court of competent jurisdiction deposited funds shall be released and returned to the liquidator of an insurer, upon application to and written order of the Director of Insurance.

## FINDINGS OF FACT

- 1. International Financial Services Life Insurance Company ("Petitioner") is a Missouri domiciled insurance company that received its certificate of authority to transact life insurance in Arizona effective November 16, 1982.
- 2. Petitioner currently has approximately \$206,000 (Two hundred six thousand dollars) on deposit with the Arizona State Treasurer pursuant to a Security Deposit,

  Assignment and Trust Agreement ("Security Deposit Agreement") for the protection of Arizona policyholders and claimants ("Security Deposit").
- 3. On November 30, 1999, the Circuit Court of Cole County, Missouri ("Liquidation Court"), in Case No. CV199-623CC, entered an Order of Liquidation, placing Petitioner in liquidation and appointing the Director of Insurance for the State of Missouri as Liquidator.

4. The Liquidator, the Arizona Fund, and the Director of the Arizona Department of Insurance (the "Director" or "ADOI") have entered into an Agreement for Release of Deposit dated September 6, 2006 (Exhibit A). Recital D of the Agreement provides for approximately \$137,619.16 to be released to the Arizona Fund, and the remaining balance of the Security Deposit to be released to the Liquidator. The final number for release to the Arizona Fund, as consented to by the Liquidator, the Arizona Fund and the Director is \$137,729.10 (One hundred thirty seven thousand seven hundred twenty nine dollars and ten cents).

## **CONCLUSIONS OF LAW**

- 1. The Director has no personal liability for the release of such deposit so made by her in good faith as provided in A.R.S. §20-588(B).
- The Arizona Fund is entitled to the release of the \$137,729.10 of the Security
   Deposit pursuant to the Security Deposit Agreement and the Agreement for Release of
   Deposit.
- 3. The Liquidator is entitled to the release of the balance of its Security Deposit pursuant to A.R.S. § 20-588(A)(3) and the Agreement for Release of Deposit.

THEREFORE, IT IS ORDERED that the Security Deposit in the approximate amount of \$206,000 (Two Hundred six thousand dollars) shall be released as follows:

- a. \$137,729.10 to the Arizona Fund; and
- b. remaining balance to the Liquidator.

DATED this \_\_\_\_\_\_ day of Leptenle 2006.

CHRISŤINA URIAS Director of Insurance

1	COPY of the foregoing mailed/delivered this 8th day of September, 2006 to:
2	Diane Garber
3	Assistant General Counsel Receivership Supervisor
4	Missouri Department of Insurance P.O. Box 690
5	Jefferson City, MO 65102-0690
6	Tessa K. Jacob Senior Counsel
7	Blackwell Sanders Peper Martin LLP 4801 Main Street, Suite 1000
8	Kansas City, MO 64112
9	Michael E. Surguine Executive Director
10	Arizona Life and Disability Insurance Guaranty Fund 1110 W. Washington, Suite 270
11	Phoenix, Arizona 85007
12	Gerrie Marks, Deputy Director Steve Ferguson, Assistant Director
13	Kurt Regner, Chief Financial Analyst Leslie Hess, Deputy Receiver Herbert Swafford, Legal Analyst
14	Arizona Department of Insurance 2910 North 44 <sup>th</sup> Street, Suite 210
15	Phoenix, AZ 85018
16	
17	Curron Buston
18	Curvey Walters Burton
19	
20	
21	

#### AGREEMENT FOR RELEASE OF DEPOSIT

This Agreement for Release of Deposi	t (the "Agreement") is entered into this 🕼 h
day of Sentenber 2006, among	, W. Dale Finke, Director of the
Missouri Department of Insurance in his capacitation	city as Liquidator of International Financial
Services Life Insurance Company ("Missouri	Liquidator"), the Arizona Life and
Disability Insurance Guaranty Fund (the "Ariz	zona Fund"), and Christina Urias, Director
of the Arizona Department of Insurance (the "	Director" or "ADOI").

### Recitals

- A. In October 1998, International Financial Services Life Insurance Company ("IFSLIC"), the ADOI, and the Arizona State Treasurer entered into a Security Deposit, Assignment, and Trust Agreement for Sole Benefit of Arizona Policyholders and Claimants (the "Security Agreement") pursuant to which funds were deposited, in trust, as security for Arizona residents who were policyholders of and claimants against policyholders of IFSLIC and which deemed said policyholders and claimants to be "secured" claimants.
- B. On November 30, 1999, the Circuit Court of Cole County, Missouri, in Case No. CV199-623CC, entered an Order of Liquidation, placing IFSLIC in liquidation and appointing the Director of Insurance for the State of Missouri as Liquidator.
- C. The ADOI presently holds, through the Arizona State Treasurer, approximately \$206,138.00 (Two hundred six thousand one hundred thirty eight dollars and no cents) pursuant to the Security Agreement (the "Deposit").
- D. The Arizona Fund represents that it has paid Arizona residents who are policyholders of and claimants against policyholders of IFSLIC and has incurred loss adjustment and administrative expenses incident thereto which together total approximately \$137,619.16 (One hundred thirty seven thousand six hundred nineteen dollars and sixteen cents).
- E. The Arizona Fund and the Missouri Liquidator believe that all of the covered claims of Arizona residents who are policyholders of and claimants against policyholders of IFSLIC have been paid, and that there are no further obligations to or on behalf of such Arizona residents.
- F. The Security Agreement having served its purpose, the Missouri Liquidator wishes to provide the Arizona Fund early access to the Deposit by requesting the Director distribute \$137,619.16 (One hundred thirty seven thousand six hundred nineteen dollars and sixteen cents) of the Deposit ("Arizona Fund Reimbursement") to the Arizona Fund in payment of the IFSLIC obligations to Arizona residents.

# Agreement

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement, the Missouri Liquidator, the Arizona Fund, and the ADOI hereby agree as follows:

- 1. Upon execution of this Agreement by all parties, the Director shall issue an Order releasing the Arizona Fund Reimbursement out of the Deposit held in trust with the Arizona State Treasurer to the Arizona Fund as an early access distribution of assets of IFSLIC in payment of IFSLIC's obligations to Arizona residents, and releasing the remaining balance of the Deposit to the Missouri Liquidator to become part of the general assets of the IFSLIC liquidation.
- 2. The Missouri Liquidator hereby acknowledges the right and obligation of the Arizona Fund to apply funds held in the Deposit to pay the covered claims of Arizona resident claimants and insured policyholders of IFSLIC together with loss adjustment and administrative expenses, and hereby consents to the transfer of the Arizona Fund Reimbursement to the Arizona Fund.
- 3. Should the Missouri Liquidator decide to make disbursements to guaranty associations under any early access plan which may be approved by the court supervising the liquidation of IFSLIC, the Arizona Fund agrees that the Arizona Fund Reimbursement will be credited against any distribution it may be entitled to receive and only the excess, if any, would be paid to the Arizona Fund.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be executed as of the date first written above.

MISSOURI LIQUIDATOR

International Financial Services Life Insurance Company in Liquidation

By: W. Dale Finke

Title: Director of the Missouri Department of Insurance in his capacity as Liquidator of IFSLIC

ARIZONA FUND:

Arizona Life and Disability Insurance

**Guaranty Fund** 

By:

Michael Surguine

Title: Executive Director

ADOI:

**Arizona Department of Insurance** 

Title: Deputy Receiver